STOCK MARKET ANNOUNCEMENT NO. 05-2017

The allocation of phantom shares to the executive board and managerial employees

The Board of Directors has today decided to allocate phantom shares to the executive board of Scandinavian Brake Systems A/S (SBS) and to managerial employees of the SBS Group. The decision is consistent with the company’s guidelines for incentive-based remuneration.

The phantom-share programme is a cash bonus scheme, based on the development of the company’s share price. The allocation of phantom shares does not result in dilution for the company’s shareholders.

Each participating employee is granted phantom shares in respect of each month of their employment, up to and including March 2020, when the financing agreement with the SBS Group’s banks expires.

The exercise price is DKK 31.20 per share @ DKK 10, corresponding to the price of SBS shares at the time of entering into the financing agreement in March 2017. The phantom shares will be exercised automatically at the end of March 2020, if the price of SBS shares exceeds the exercise price at that time. That being the case, each phantom share will trigger a cash bonus payment equivalent to the difference between the share price at the end of March 2017 and the exercise price.

Extraordinary exercise is possible at an earlier stage if a unique event occurs, such as the divestment of SBS’ activities. In the event of an extraordinary exercise, each phantom share will trigger a cash bonus payment equivalent to the difference between the share price as at the date of the extraordinary exercise and the exercise price.

The programme comprises up to 258,020 phantom shares and has a theoretical market value of DKK 1,069,930 calculated on the basis of the Black-Scholes equation, a closing price of the company’s shares on NASDAQ Copenhagen A/S of DKK 25.30 as per yesterday’s date, a subscription price of DKK 31.20, corresponding to DKK 4.15 per share @ DKK 10, a risk-free interest rate of -0.6%, an estimated volatility of 40% and a term of 2.4 years.

Svendborg, 15 November 2017

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Peter Eriksen Jensen,
Chairman of the board